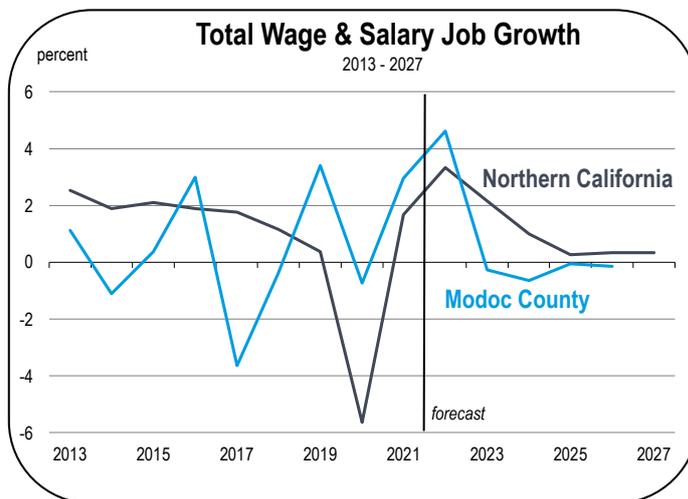


# Modoc County Economic Forecast

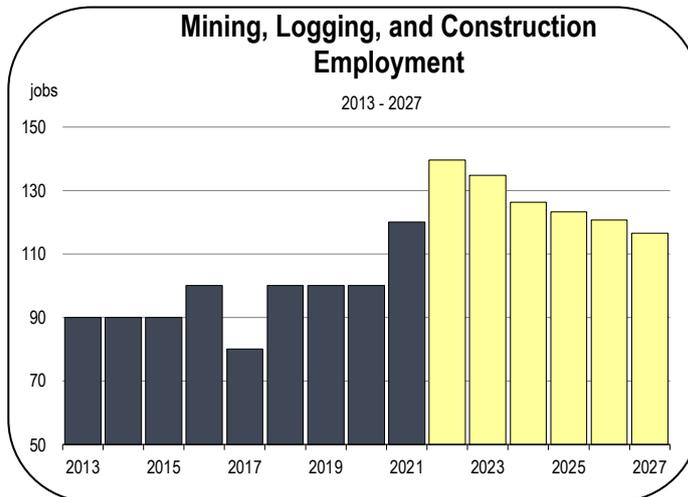
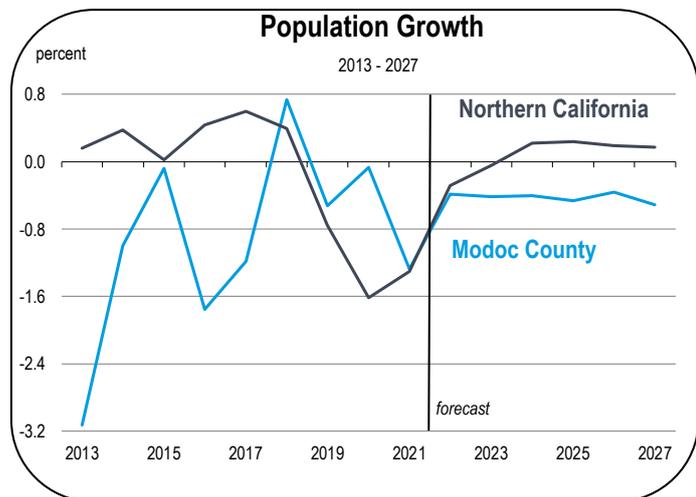
## Forecast Summary

- Modoc is one of the smallest counties in the state, with a population of approximately 8,600 residents.
- The forecast calls for employment to rise by 50 jobs in Modoc County during 2022, a gain of almost 2 percent.
- Because population is expected to contract over the forecast, job growth will also decelerate in tandem, and the county risks a general decline in employment beginning in 2023.
- The unemployment rate averaged 7.4 percent in 2021. It is forecast to average 4.5 percent in 2022 and 4.1 percent in 2023.
- Based on a small sample size, housing sales during 2021 indicated that the median home value declined 3.5 percent. But higher home prices are being observed in 2022, where appreciation for all housing is running at between 3 and 4 percent. Zillow reports an appreciation rate of nearly 15 percent in 2022.
- Modoc County homes are still highly affordable. In 2021, the median price was just \$124,500.
- Due to the lack of new in-migrating populations, and a persistent negative natural increase in population over time, the Modoc County population is destined to contract over the foreseeable future unless economic development efforts can attract new residents into the county.

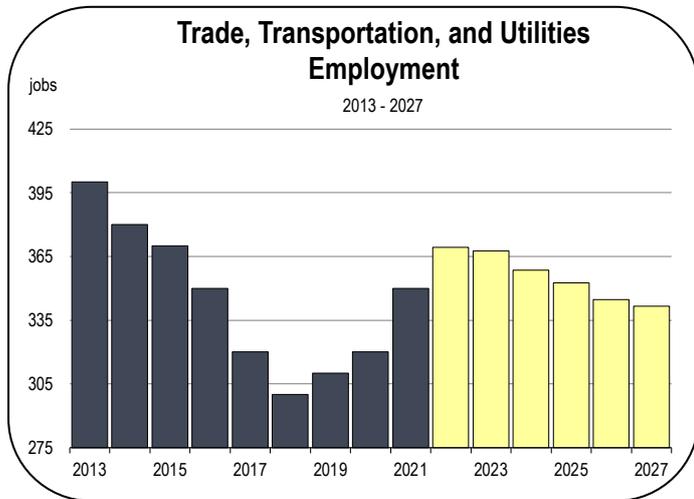


## Mining, Logging, and Construction Employment

- Construction employment will expand sharply in 2022 as housing production accelerates and as a meaningful number of non-residential construction projects break ground.
- Modoc County has a prominent timber industry, but timber production has been declining in recent years.
- The timber industry now produces approximately \$4 million in sales value each year, which is down from \$13 million just a few years ago.
- Over the 2022-2027 forecast period, job losses in timber production will be offset by gains in construction, but the industry as a whole will contract over time.

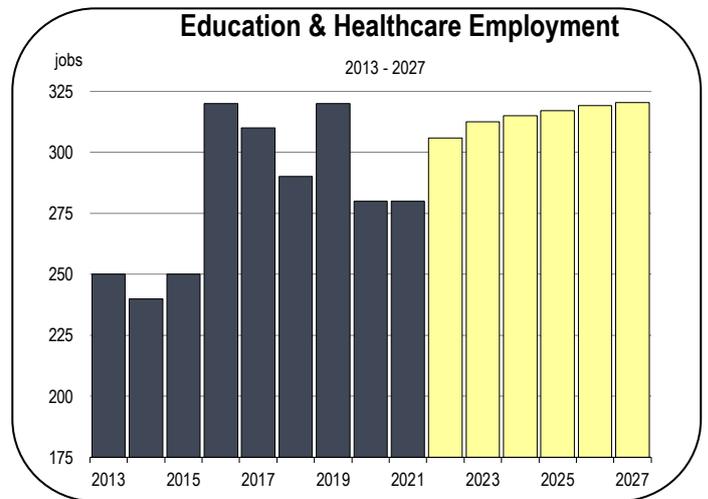


# Modoc County Economic Forecast



## Trade, Transportation, and Utilities Employment

- The trade, transportation, and utilities industry have a diverse range of firms, including:
  - Retail stores
  - Wholesale companies
  - Trucking and delivery firms
  - Warehousing and storage facilities
  - Electricity providers (including Surprise Valley Electric) and water providers (including Newell County Water District)
- The trade, transportation, and utilities industry are expected to gain a small number of jobs in 2022, but the industry is under pressure from population decline and the transition to online shopping.
- Employment growth for this composite labor market will slow and then contract over time, principally due to the consolidation of retail sector jobs.



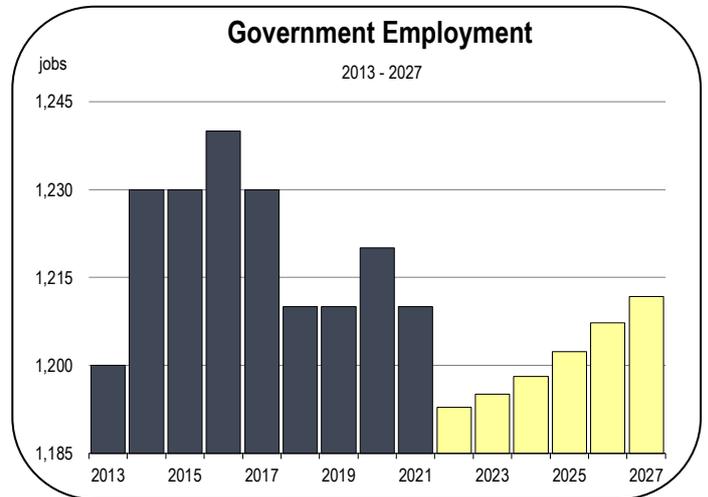
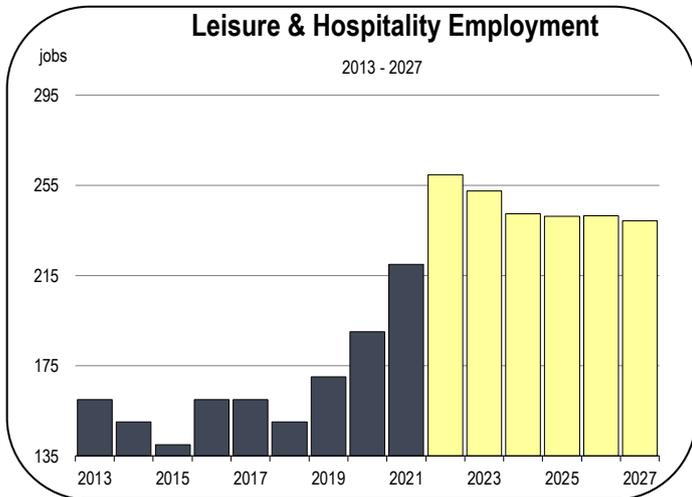
## Private Education and Healthcare Employment

- A large share of the local economy is represented by hospitals and healthcare facilities. Healthcare is the third largest employment sector in the county, behind only government and agriculture.
- The largest healthcare employer is Modoc Medical Center, which has more than 100 workers at its hospital in Alturas.
- Modoc Medical Center completed construction on a new facility in September 2020, which includes a 10,500 square foot hospital, a medical office building, and an outpatient clinic. The new facility should allow it to expand its employee headcount.
- In Modoc County, there very few jobs in private educational institutions. Most teachers and education administrators work in the government sector.



Modoc Medical Center

# Modoc County Economic Forecast



## Leisure and Hospitality Employment

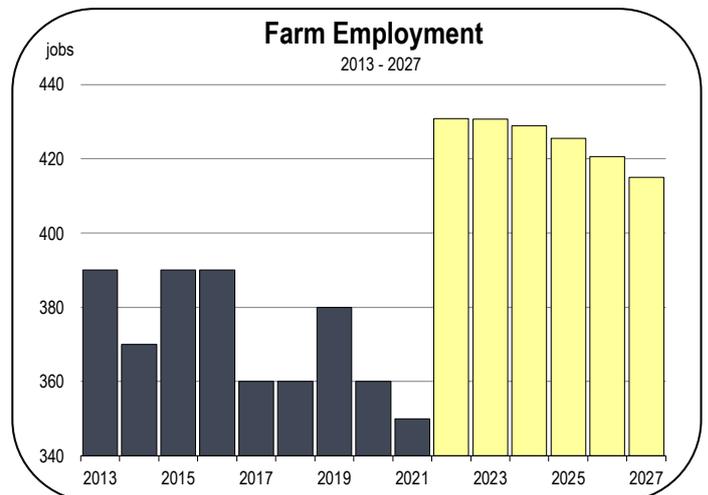
- In Modoc County, the Coronavirus Recession did not meaningfully impact employment in the leisure and hospitality sector.
- The industry actually expanded in 2021, adding approximately 30 jobs.
- The most prominent tourist attraction in Modoc County is the array of outdoor recreation opportunities, including Lava Beds National Monument.
- Lava Beds National Monument has a variety of volcanic terrain that can accommodate hiking and camping, and it has underground caves that are accessible to visitors.
- The recreation sector will create more jobs in 2022 but the forecast has employment in this sector relatively constant thereafter.

## Government Employment

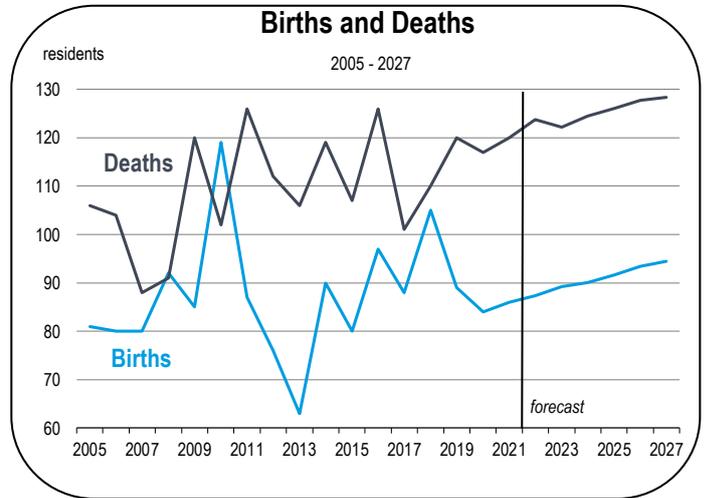
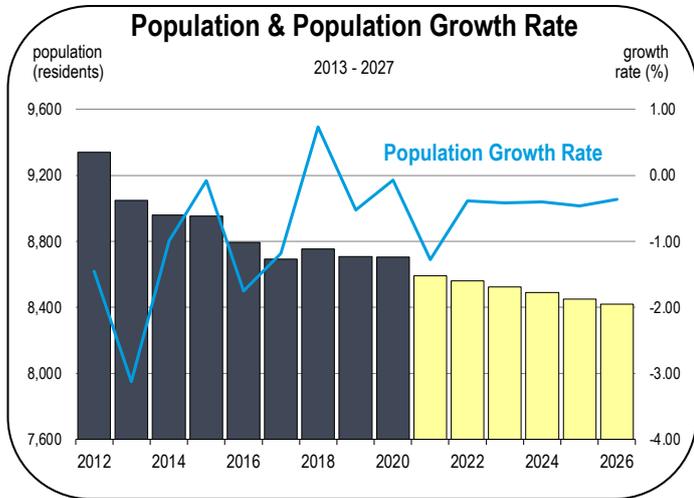
- Government is the largest employer in Modoc County, representing 50 percent of all wage and salary jobs.
- The largest government agencies are the local school districts and the US Forest Service, which has several outposts in the county.
- Government employment should expand by a few dozen jobs during the forecast period.

## Agriculture Employment

- Agriculture is the second largest employment sector in Modoc County, behind only government.
- Employment in Agriculture soared in 2022, adding 80 jobs.
- The most prominent agricultural commodities in Modoc County are hay, potatoes, bees, honey, and livestock.
- Farms and other agricultural activities are expected to maintain total employment in the 420 to 440 range of jobs, largely due to the principal commodities that will remain in strong demand, such as field crops, honey, and livestock.



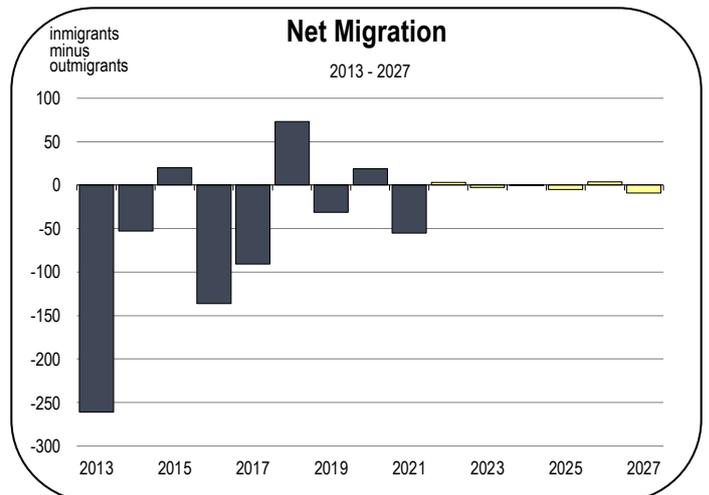
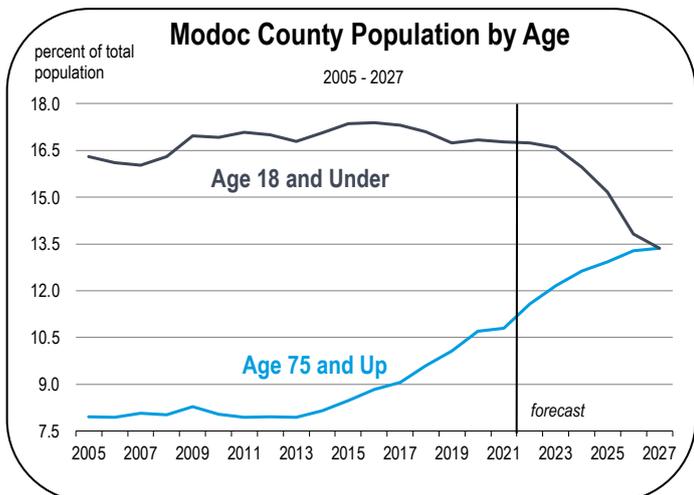
# Modoc County Economic Forecast



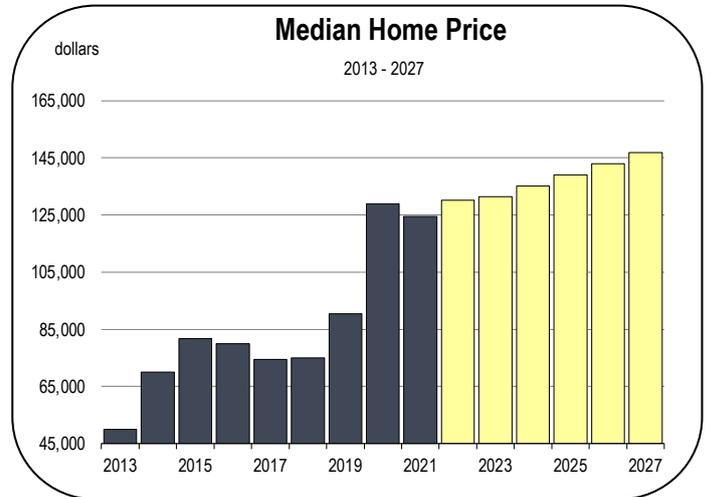
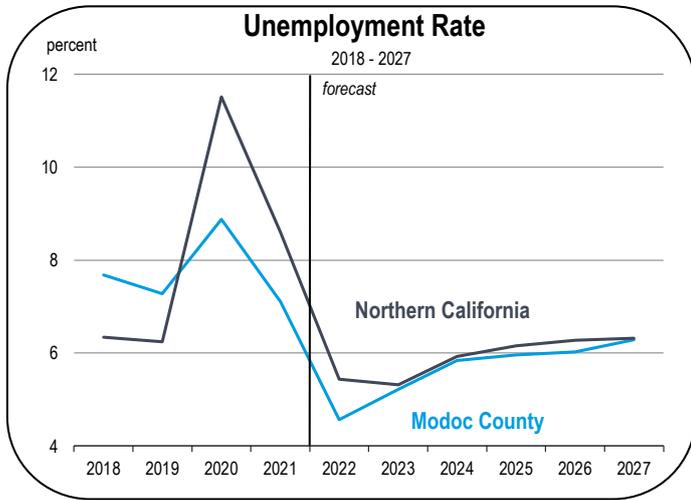
## Population Growth

- The Modoc County population have been in a general decline since 2012, with both net in-migration and the natural increase contracting.
- The newly revised population in 2022 accounting for the 2020 census had the Modoc County total at 8,690.
- The county's population is much older than the statewide average. By 2027, the number of residents aged 75 and older will match the number of residents age 18 and under, which is an unusual scenario with implications for the local economy.
- Because Modoc County has a high share of older-aged residents, deaths have exceeded births over the last 10 years.
- The natural increase of the population is not expected to turn positive any time before 2030.

- Net in-migration has generally been negative over the last 10 years. Between 2022 and 2027, no change in net migration trends is expected. And because deaths will exceed births, the overall population will remain in decline.
- Sustained population loss will put Modoc County at risk of economic stagnation.
- A declining population can reduce the number of consumers for local businesses, lead to lower demand for schoolteachers and government services, and limit tax revenues.
- Over the long term (through 2030), the local labor market is not expected to generate a meaningful number of jobs, and there is a high probability that population decline will contribute to a shrinking job market.



# Modoc County Economic Forecast



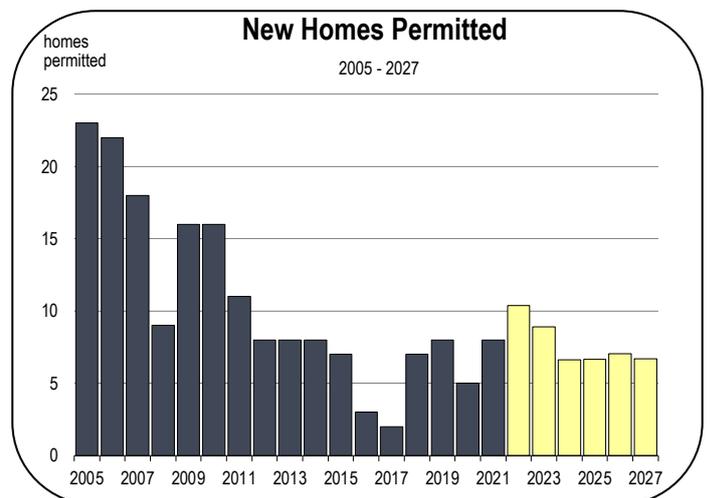
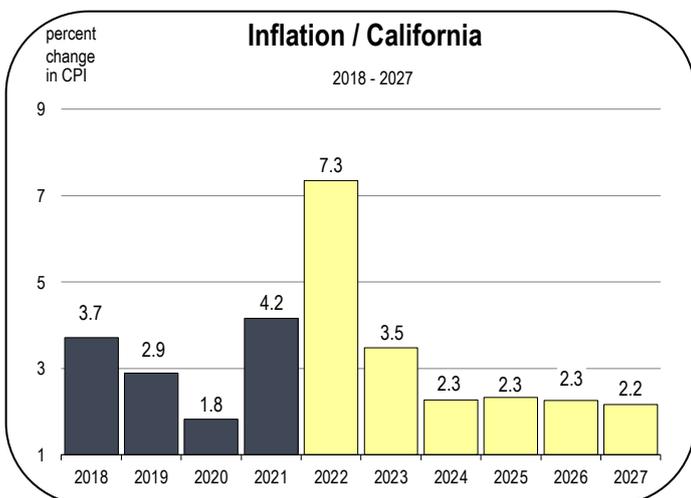
## Unemployment and Inflation Rates

- The unemployment rate in Modoc County averaged 7.1 percent in 2021. The unemployment rate is expected to average 4.6 percent in 2022 and 5.2 percent in 2023.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- During 2022 and into 2023, there will be a number of factors that will contribute to higher inflation. The most prominent will be:
  - Record spending by consumers and the federal government during 2021 and 2022
  - Fractures in the global supply chain that raise the cost of production for many businesses

- Sharp increases in the cost of housing and energy
- Labor market recruitment challenges that force companies to raise wages
- Combined, these factors have pushed inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate after 2022 as supply chains and the labor force are restored, eventually falling to below 3 percent again by 2024.

## Home Prices and New Housing Production

- In 2021, the median home value in Modoc County was \$124,500 for all housing. Zillow reported a single-family home value of \$194,000 in October 2022, and appreciation of 14.6 percent over the prior 12 months.



# Modoc County Economic Forecast

- The median price is forecast to rise 1.1 percent in 2023.
- Homes in Modoc County are much more affordable than homes in many other parts of California. In Modoc County, the typical household spends less than 20 percent of its income on housing costs. In Coastal California, households often spend 35-50 percent on mortgage payment or rent.
- From 2016 to 2021, a total of 33 new homes were started in Modoc County. All were single-family homes.
- Housing production is expected to increase to 46 units from 2022 to 2027, consisting entirely of single-family homes.

## Agriculture

- The highest valued crop in Modoc county is Alfalfa Hay. In 2020, nearly 36,00 acres of Alfalfa Hay were harvested valued at \$42.8 million. The next largest crop is Grain Hay which brought in \$21 million in 2020.
- Valued at \$77 million, livestock, or calves and cattle, are Modoc's largest farming sector commodity.
- The value of cows and calves soared more than 100% from 2019. The number of heads sold nearby doubled from 30,000 to 59,000 in 2020.
- In 2020, field crops in total just edged out poultry in total value by about \$2 million.

## Modoc County National Forest

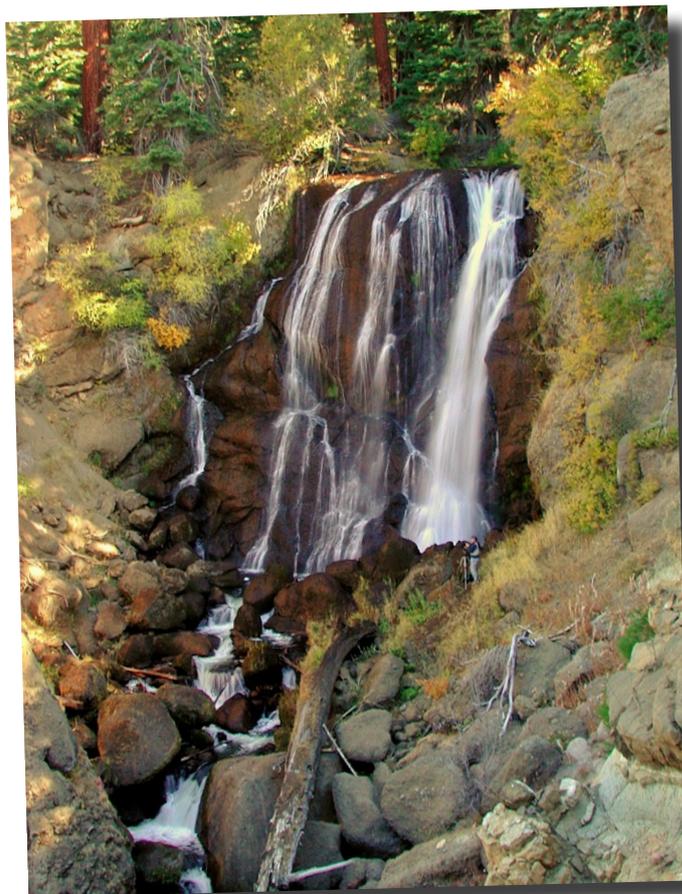
- Modoc National Forest is over 1.6 million acres in size and is home to wild horses. The forest is also home to 300 species of wildlife including rocky mountain elk and pronghorn antelope.
- The biggest attractions in Modoc National Forest are the Devil's Garden and Mill Creek Falls. The Devil's Garden Plateau is 258,000 acres and the prime location to view herds of wild animals. Visitors travel to the Plateau to see wild horses grazing unfettered.
- The falls is a principal visitor attraction. Park officials recommend hiking to the falls in the spring, soon after the snow melts to see it at its most spectacular stage.
- Camping is also popular in the National Forest, and the cost per visitor is inexpensive at \$15 per night.

## Modoc Medical Center Replacement Facility

- The three-building, 28,000 square foot hospital complex is underway. To reduce high costs associated with building, the project team found ways to use the region's unique features to the project's advantage, such as tapping a local geothermal hot-water loop as the primary source of hydronic heating. To accommodate the area's cold climate, the team also designed a cost-effective ice melt system for the exterior sidewalks and incorporated protection for outside utilities subject to freezing. The project cost is \$35 million.

## Barnes Fire

- The Barnes Fire burned 5,843 acres in Modoc County in September 2022. Two homes were destroyed. The fire was contained on October 13, 2022.



Mill Creek Falls

# Modoc County Economic Forecast

## Economic Indicators

## 2015-2021 History, 2022-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (millions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	8,952	4.0	20	7	13.4	\$405	\$41	\$92	\$12	\$53,971	8.7	\$174	1.4
2016	8,795	4.0	-136	3	13.6	\$408	\$42	\$94	\$11	\$54,109	7.9	\$196	2.3
2017	8,691	4.0	-91	2	13.5	\$407	\$40	\$89	\$10	\$53,032	8.2	\$174	3.0
2018	8,755	3.9	73	7	13.5	\$416	\$37	\$78	\$10	\$51,842	7.7	\$174	3.7
2019	8,709	3.9	-31	8	13.8	\$453	\$39	\$83	\$10	\$55,127	7.3	\$194	2.9
2020	8,703	3.9	19	5	13.8	\$462	\$54	\$111	\$10	\$55,287	8.9	\$215	1.8
2021	8,592	3.9	-55	8	14.3	\$493	\$53	\$112	\$11	\$57,344	7.1	\$222	4.2
2022	8,559	3.9	3	10	14.7	\$527	\$58	\$111	\$12	\$57,345	4.6	\$233	7.3
2023	8,523	3.9	-3	9	15.1	\$548	\$59	\$114	\$12	\$57,840	5.2	\$243	3.5
2024	8,489	3.9	0	7	15.4	\$563	\$60	\$116	\$11	\$58,354	5.8	\$251	2.3
2025	8,449	3.9	-5	7	15.7	\$585	\$60	\$119	\$11	\$59,578	6.0	\$257	2.3
2026	8,418	3.9	4	7	16.0	\$606	\$61	\$121	\$11	\$60,544	6.0	\$262	2.3
2027	8,375	3.9	-9	7	16.2	\$626	\$61	\$123	\$11	\$61,592	6.3	\$266	2.2
2028	8,327	3.9	-14	7	16.5	\$648	\$61	\$125	\$11	\$62,663	6.5	\$269	2.2
2029	8,280	3.9	-14	7	16.7	\$670	\$63	\$128	\$11	\$63,744	6.7	\$272	2.3
2030	8,230	3.9	-18	7	16.9	\$690	\$64	\$131	\$11	\$64,644	6.8	\$275	2.2
2031	8,206	3.9	6	7	17.1	\$712	\$65	\$134	\$11	\$65,478	6.9	\$277	2.1
2032	8,186	3.9	8	7	17.2	\$734	\$66	\$136	\$11	\$66,126	7.1	\$279	2.3
2033	8,152	3.9	-10	7	17.4	\$755	\$67	\$139	\$11	\$67,087	7.2	\$280	1.9
2034	8,112	3.9	-18	7	17.6	\$778	\$68	\$142	\$11	\$68,018	7.3	\$282	2.1
2035	8,061	3.9	-31	7	17.7	\$801	\$70	\$145	\$10	\$68,989	7.3	\$283	2.2
2036	8,034	3.9	-9	7	17.8	\$827	\$71	\$148	\$11	\$69,636	7.3	\$284	2.6
2037	8,018	3.9	2	7	17.9	\$854	\$73	\$152	\$11	\$70,121	7.3	\$285	2.7
2038	8,010	3.9	11	7	18.1	\$881	\$75	\$156	\$11	\$70,641	7.3	\$286	2.5
2039	7,979	4.0	-12	7	18.2	\$907	\$76	\$160	\$11	\$71,132	7.3	\$287	2.7
2040	7,945	4.0	-16	7	18.3	\$935	\$78	\$164	\$10	\$71,738	7.3	\$288	2.6
2041	7,932	4.0	5	7	18.3	\$964	\$79	\$167	\$11	\$72,484	7.3	\$289	2.2
2042	7,920	4.0	4	7	18.4	\$993	\$81	\$171	\$11	\$73,250	7.3	\$289	2.1
2043	7,901	4.0	-3	7	18.5	\$1,022	\$82	\$174	\$11	\$74,081	7.3	\$290	2.0
2044	7,884	4.0	-2	7	18.6	\$1,051	\$83	\$177	\$11	\$75,017	7.3	\$290	1.8
2045	7,859	4.0	-10	7	18.6	\$1,081	\$84	\$180	\$10	\$75,965	7.3	\$291	1.9
2046	7,849	4.0	4	7	18.7	\$1,113	\$86	\$184	\$11	\$76,776	7.3	\$291	2.0
2047	7,838	4.0	2	7	18.8	\$1,146	\$87	\$187	\$11	\$77,429	7.3	\$292	2.2
2048	7,839	4.0	12	7	18.8	\$1,180	\$89	\$192	\$11	\$77,967	7.3	\$292	2.3
2049	7,837	4.0	9	7	18.8	\$1,215	\$90	\$195	\$11	\$78,684	7.3	\$293	2.0
2050	7,837	4.0	10	7	18.9	\$1,251	\$92	\$199	\$11	\$79,355	7.3	\$293	2.1

## Employment Sectors

## 2015-2021 History, 2022-2050 Forecast

	Total Wage & Salary	Farm	Mining, Logging, and Construction	Trade, Transportation, and Utilities (jobs)	Healthcare and Education	Leisure and Hospitality	Government
2015	2,670	390	90	370	250	140	1,230
2016	2,750	390	100	350	320	160	1,240
2017	2,650	360	80	320	310	160	1,230
2018	2,640	360	100	300	290	150	1,210
2019	2,730	380	100	310	320	170	1,210
2020	2,710	360	100	320	280	190	1,220
2021	2,790	350	120	350	280	220	1,210
2022	2,920	431	140	369	306	260	1,193
2023	2,910	431	135	368	313	252	1,195
2024	2,890	429	126	359	315	242	1,198
2025	2,890	425	123	353	317	241	1,202
2026	2,890	421	121	345	319	242	1,207
2027	2,880	415	117	342	320	239	1,212
2028	2,880	414	114	339	322	238	1,216
2029	2,870	412	114	337	322	237	1,219
2030	2,880	414	113	333	323	237	1,224
2031	2,880	417	114	330	324	238	1,230
2032	2,890	419	114	326	324	237	1,233
2033	2,880	420	112	323	325	235	1,237
2034	2,890	422	112	322	325	235	1,240
2035	2,890	423	111	322	324	233	1,243
2036	2,890	425	112	322	325	234	1,244
2037	2,900	426	113	321	325	234	1,244
2038	2,900	427	113	321	325	233	1,245
2039	2,890	427	112	320	325	230	1,245
2040	2,890	428	111	320	325	229	1,244
2041	2,890	429	113	319	325	229	1,244
2042	2,890	430	113	319	325	228	1,243
2043	2,890	430	112	318	325	225	1,242
2044	2,880	431	112	318	325	223	1,241
2045	2,880	431	112	317	325	222	1,240
2046	2,880	432	112	317	326	222	1,239
2047	2,880	432	112	316	326	221	1,238
2048	2,880	433	113	316	327	220	1,236
2049	2,870	433	113	316	327	218	1,235
2050	2,870	434	113	316	328	216	1,234

# Modoc County Economic Forecast

## Socioeconomic Indicators

